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SUBJECT: CSIS ROUNDTABLE ON CHINA-AFRICA

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REASON: 1.4 (b), (d)

11. (C) Summary: During a December 1 discussion between members of the Johns Hopkins Center for Strategic International Studies (CSIS) and Shanghai scholars, and representatives from BHP Billiton and other Shanghai-based economic consulting firms, participants disagreed about the impact of China's increased involvement in Africa. CSIS delegation members noted that there was a great deal of exuberance about Africa in Beijing, but questioned whether China was prepared to deal with Africa's problems. CSIS delegates noted that Chinese officials did not appreciate the role of NGOs and ignored the issue of human rights, and seemed oblivious to the negative impact of Chinese trade and investment on the local population. Shanghai participants noted the allure of the China development model for African countries and said China was trying to play a positive role in the region. Shanghai scholars said while China's involvement in Africa was currently focused on energy issues, it would become more pro-active on human rights in the future. End Summary.

12. (SBU) A delegation from CSIS provided a briefing on their recent trip to Beijing to Shanghai scholars, and representatives from BHP Billiton and other Shanghai-based economic consulting firms at a round-table organized by Australian-headquartered global resource company BHP Billiton on December 1. The delegation had participated in a conference on China in Africa sponsored by the Ministry of Foreign Affairs and the China Institute for International Studies on the margins of the China-Africa Development Forum in Beijing and had met with a number of Chinese African experts earlier that week. The delegation consisted of representatives from prominent NGOs, academia, and businesses, including International Republican Institute President Lorne Craner, Oxfam America President Raymond Offenshiesier, National Defense University Senior Vice President and Former U.S. Ambassador to Kenya William M. Bellamy, Manchester Trade Ltd. Vice President Anthony Carroll, CSIS Africa Program Director J. Stephen Morrison, and CSIS Freeman Chair in China Studies Bates Gill.

13. (C) According to Morrison, the delegation arrived in Beijing just three weeks after the China-Africa Summit and interlocutors showed a great deal of exuberance and had a certain romanticism about Africa. Interlocutors repeated over and over again the same talking points when discussing China's relationship with African countries. First, China and its development model were very alluring to Africa. China was able to transform itself from a chaotic, poor country into a developed, stable country. China also had a legacy of solidarity with African nations and had never been involved in a conflict in Africa. In addition, China's non-interference policy meant that it provided assistance with no strings attached. This was in contrast to Western countries which were too developed and had been involved in conflicts in Africa.

14. (C) Interlocutors also stressed that the recent summit was the most important China-Africa summit since these summits were launched in 2000. This summit cemented the relationship. Chinese experts also stressed that Africa itself had crossed a threshold and was now in a period of enduring stability. While interlocutors acknowledged that there were cultural and language problems, they were upbeat overall about the relationship and the prospects for future cooperation.

Problems?

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15. (C) According to Morrison, delegation members were concerned with several aspects of their discussions. First, Chinese interlocutors seemed to have a simplistic view of African public opinion. According to the interlocutors, everyone in Africa loved China and there was no differentiation in the opinions of African people. This did not seem genuine. Later in the conversation, Manchester Trade Ltd. Vice President Anthony Carroll said he had talked to many African trade ministers who often complained that China was flooding the African markets with counterfeit textiles. This had caused the textile sector to collapse and hurt domestic cotton production. African trade ministers told him that they did not raise this issue with their Chinese counterparts because they did not want to anger China. They believed China was a potentially valuable economic ally and were looking past these irritants to maintain the relationship.

16. (C) Second, there was a great absence of data about how projects would be implemented. Interlocutors could not provide detailed information on targets for cooperation, where the money would go, or the priorities for cooperation. Third, China did not appear to be prepared to deal with any future conflict. Although Africa was currently in a period of stability, this stability needed to be consolidated and the situation could quickly deteriorate. At a later point in the conversation, Craner noted that by the second day of discussions, interlocutors appeared to realize that China would encounter problems in Africa in the future and were more open about discussing how to deal with them.

¶17. (C) Fourth, delegation members, many of whom came from NGOs, were disappointed with Chinese interlocutors' lack of knowledge about NGOs or civil society. Oxfam America President Offenhesier said it was hard to have discussions with Chinese officials about NGOs as they did not have a "common vocabulary."

A delegate from the Open Society Policy Center noted that Chinese interlocutors only discussed issues from the government perspective. To resolve problems in Africa, there needed to be people from all sectors at the table. Delegates noted the reluctance of interlocutors to discuss human rights and Craner said it was clear that China's Africa policy was dominated by strategic considerations.

¶18. (C) Fifth, Morrison said it was unclear whether the Chinese government was coordinating the actions of its companies or was aware of the damage the companies were causing through corrupt business practices, and lack of adherence to international labor and environmental standards. A business sector delegate said that there appeared to be competition among these companies for resources in Africa and it was not clear if there was any coordination. There needed to be more transparency in this area. He was also concerned that interlocutors did not have an appetite to discuss how to deal with conflicts if they broke out. Chinese companies would likely face the same problems as Western companies who have had to deal with civil violence and attacks on their installations.

¶19. (C) Some delegation members noted that there was a lack of understanding by PRC companies of the concept of Corporate Social Responsibility (CSR). During the delegation's meeting with a CNOOC Vice President, the Vice President said CNOOC aspired to be an international, globally responsible company. However, when the delegation pushed him on this issue, he could not provide a clear definition on what this meant. According to Carroll, the Chinese government was vulnerable to criticism because of the rapacious business practices of some Chinese companies and needed to be more active in supervising these companies.

China Model Suitable for Africa

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¶10. (C) BHP Billiton China President Clinton Dines said that the Chinese development model was indeed alluring, and, perhaps, more relevant than the Western model to African countries. Chinese companies and the government were very proud of their model and had no doubts that China would continue to expand. In addition, Chinese companies were able to build factories and goods very cheaply. While these products might not be better than Western products, their price made them suitable for developing country consumers. For example, a Chinese company could build a factory at a third of the price and twice as quickly then a company like BHP Billiton. While the factory might not have all of the "bells and whistles" of a BHP Billiton factory, it would be able to get the job done. Dines added that frankly, Western involvement in Africa had been undistinguished and it was understandable for African nations to want an alternative model.

¶11. (C) According to CLSA China Macro Strategist Andy Rothman, China's Africa policy was not solely driven by strategic considerations, since there were real commercial interests in Africa. In particular, Chinese companies were interested in becoming global players and looked to places like Africa and Venezuela as attractive places to invest. Unlike Western countries, African countries welcomed Chinese investment. He noted that the Chinese government had also become savvier about monitoring companies investing overseas. The government provided many of these companies with loans to go abroad. In the past, there were few repercussions for companies who defaulted on loans. Now, if a company defaulted on a loan, the government would no longer lend to it. Finally, the Chinese government's involvement in Africa was driven, in part, by its desire to become a responsible stakeholder. It was trying to improve relations with all of its neighbors and saw Africa as a place where it could demonstrate that its policies were constructive.

¶14. (C) Paul French, an analyst from Access Asia, added that some Chinese companies did understand CSR and were taking on some CSR concepts. He said as Chinese companies became more global, they began to pay more attention to their images. These companies understood that consumers did not want to buy products from a company that had bad business practices. Therefore, some companies such as Haier had become increasingly involved in charities and paid attention to environmental issues.

Shanghai Scholars: Energy Needs Driving Policy

¶15. (C) Shanghai Scholars noted the important role played by African nations in the UN. Jiaotong University Center for Rim-Pac Studies Vice Director Zhuang Jianzhong said that China owed Africa because many African countries supported its bid to become a member of the UN. Fudan Center for American Studies President Shen Dingli added that African votes were needed to defeat attempts by Taiwan to join the UN General Assembly and were critical in overcoming Japan's attempts to become a permanent member of the UN Security Council. Both scholars touched on human rights issues. Zhuang said China still viewed the world as a state-based system and therefore was reluctant to interfere in other countries' affairs. For example, China had not interfered in Darfur because the Sudanese government opposed international intervention. He added that China also believed that every country had its own democratic process and agenda which should not be decided by outside countries.

¶16. (C) Shen said that, for the present, China was focused on its own economic development and cared less about value-added international relations issues such as human rights. China needed energy resources to sustain its growth and for this reason countries such as Angola and Sudan had become very

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important. China did care about human rights and, in the long term, would become more active in this area. Shen added that this mercantilist attitude had led some African countries to criticize Beijing for implementing a "new colonialism." Shen said that this was an important message and China needed to improve its Africa policy. First, while China still believed in non-interference, it had been active in encouraging African nations to act responsibly. For example, during the China-Africa Summit, President Hu Jintao had a one-hour meeting with the President of Sudan on the domestic situation in the

country. Second, the government had strengthened its supervision of Chinese companies in the region. If a company embarrassed the Chinese government, then the government would become involved to try to correct the situation. Finally, the Chinese government understood that it could not just exploit African countries, but also needed to help these countries develop their economies.

¶17. (C) A BHP Billiton Chinese-national analyst criticized the delegation as being too U.S. centered and asked why the U.S.-China relationship should dominate the China-Africa relationship. Africa could be the next largest market for Chinese consumer goods and China could help Africa to develop quicker and better than could the West. He added that China was still in the process of developing and improving its own human rights. It was not qualified nor did it desire to teach Africa any human rights lessons. Human rights should not be a pre-condition to development. Another BHP Billiton Chinese-national analyst said that there was no need to panic about Chinese companies. These companies had just begun to invest in Africa and it was too early to determine what effect they were having on African countries.
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